

ASSEMBLY BILL

No. 191

Introduced by Assembly Members Bill Berryhill and Galgiani
(Principal coauthor: Assembly Member Olsen)
(Principal coauthors: Senators Berryhill and Cannella)

January 26, 2011

An act to repeal and add Section 96.11 of the Revenue and Taxation Code, relating to local government finance, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 191, as introduced, Bill Berryhill. Local government finance: property tax revenue allocations: negative sum counties.

Existing property tax law requires the county auditor, in each fiscal year, to allocate property tax revenues to local jurisdictions in accordance with specified formulas and procedures, and generally requires that each jurisdiction be allocated an amount equal to the total of the amount of revenue allocated to that jurisdiction in the prior fiscal year, subject to certain modifications, and that jurisdiction's portion of the annual tax increment, as defined. Existing law requires, for purposes of property tax revenue allocations for the 2011–12 and 2012–13 fiscal years, the county auditor for a county for which a negative sum was calculated pursuant to a specified former statute, in reducing the amount of property tax revenue otherwise allocated to the county by an amount attributable to that negative sum, to apply a reduction amount equal to the reduction amount determined for specified fiscal years.

This bill would instead require, for the 2010–11 fiscal year, the county auditor for a county for which a negative sum was calculated as described above, to increase the total amount of ad valorem property

tax revenues deemed allocated to the county in the immediately preceding fiscal year by an amount equal to the absolute value of the negative sum calculated for the county, and the proportional share of any growth in assessed valuations of property attributable to that negative sum through the 2009–10 fiscal year. This bill would also require, for the 2011–12 fiscal year and for each fiscal year thereafter, the amount of property tax revenue deemed allocated to a county in the immediately preceding fiscal year include the full amount of any increase implemented by the auditor, as so described, in that fiscal year, and would require that amount to be reduced from the total amount of ad valorem property tax revenue deemed allocated to the county’s Educational Revenue Augmentation Fund.

By imposing new duties in the annual allocation of ad valorem property tax revenues, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

This bill would declare that it is to take effect immediately as an urgency statute.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 96.11 of the Revenue and Taxation Code
- 2 is repealed.
- 3 ~~96.11. Notwithstanding any other provision of this article, for~~
- 4 ~~purposes of property tax revenue allocations, the county auditor~~
- 5 ~~of a county for which a negative sum was calculated pursuant to~~
- 6 ~~subdivision (a) of former Section 97.75 as that section read on~~
- 7 ~~September 19, 1983, shall, in reducing the amount of property tax~~
- 8 ~~revenue that otherwise would be allocated to the county by an~~
- 9 ~~amount attributable to that negative sum, do all of the following:~~
- 10 (a) ~~For the 2011–12 fiscal year, apply a reduction amount that~~
- 11 ~~is equal to the lesser of either of the following:~~

1 ~~(1) The reduction amount that was determined for the 2010–11~~
2 ~~fiscal year.~~

3 ~~(2) The reduction amount that is determined for the 2011–12~~
4 ~~fiscal year.~~

5 ~~(b) For the 2012–13 fiscal year, apply a reduction amount that~~
6 ~~is equal to the lesser of either of the following:~~

7 ~~(1) The reduction amount that was determined in subdivision~~
8 ~~(a) for the 2011–12 fiscal year.~~

9 ~~(2) The reduction amount that is determined for the 2012–13~~
10 ~~fiscal year.~~

11 ~~(c) For the 2013–14 fiscal year and each fiscal year thereafter,~~
12 ~~apply a reduction amount that is determined on the basis of the~~
13 ~~reduction amount applied for the immediately preceding fiscal~~
14 ~~year.~~

15 SEC. 2. Section 96.11 is added to the Revenue and Taxation
16 Code, to read:

17 96.11. (a) Notwithstanding any other provision of this article,
18 for the 2010–11 fiscal year the auditor of a county for which a
19 negative sum was calculated pursuant to subdivision (a) of former
20 Section 97.75, as that section read on September 19, 1983, shall
21 do both of the following:

22 (1) Increase the total amount of ad valorem property tax revenue
23 deemed allocated to the county in the immediately preceding fiscal
24 year by an amount equal to the absolute value of the negative sum
25 calculated for the county pursuant to subdivision (a) of former
26 Section 97.75 as that section read on September 19, 1983, and the
27 proportional share of any growth in assessed valuations of property
28 attributable to that negative sum through the 2009–10 fiscal year.
29 For purposes of this paragraph, “proportional share of any growth
30 in assessed valuation of property attributable to that negative sum”
31 means that amount that results in a fiscal year from the annual
32 compounding of the absolute value of the previously calculated
33 negative sum amount, from fiscal year to fiscal year, by the
34 application of the relevant proportional share of the county’s
35 amount of annual tax increment as determined in accordance with
36 Section 96.5, or any predecessor to that section.

37 (2) Reduce the total amount of ad valorem property tax revenue
38 deemed allocated to the county’s Educational Revenue
39 Augmentation Fund by the amount of the increase described in
40 paragraph (1).

1 (b) For the 2011–12 fiscal year and for each fiscal year
2 thereafter, the amount of the increases and reductions required by
3 subdivision (a) shall be fully reflected in the application of
4 paragraph (1) of subdivision (a) of Section 96.1 and Section 96.5,
5 or any successor to either of those provisions.

6 SEC. 3. If the Commission on State Mandates determines that
7 this act contains costs mandated by the state, reimbursement to
8 local agencies and school districts for those costs shall be made
9 pursuant to Part 7 (commencing with Section 17500) of Division
10 4 of Title 2 of the Government Code.

11 SEC. 4. This act is an urgency statute necessary for the
12 immediate preservation of the public peace, health, or safety within
13 the meaning of Article IV of the Constitution and shall go into
14 immediate effect. The facts constituting the necessity are:

15 In order to timely provide vital fiscal relief to counties suffering
16 from unusually acute fiscal difficulties, it is necessary that this act
17 take effect immediately.